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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 001075

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TAGS: [PREL](#) [MOPS](#) [CH](#) [TW](#)

SUBJECT: TAIWAN: EMBASSY CONTACTS DOWNPLAY POTENTIAL FOR
REFERENDUM-BASED CRISIS, WARN OF OTHER SURPRISES

REF: A. BEIJING 1069

[1](#)B. BEIJING 1038

[1](#)C. BEIJING 959

[1](#)D. BEIJING 549

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1.
4 (b) and (d).

Summary

[1](#)1. (C) On the eve of Taiwan's March 22 presidential election and vote on UN referenda, three Embassy contacts tell us they are "not worried" about the upcoming vote leading to a cross-Straits crisis. While both referenda on Taiwan's UN membership are expected to fail, even if one were to pass, Beijing's response would most likely be limited to harsh rhetoric, especially if the United States were to criticize the result. These observers nevertheless are concerned about the transition period between the presidential election and the end of current President Chen Shui-bian's term on May 20.

Chen Shui-bian might "manufacture" a cross-Straits incident during the March-May period, two journalists speculated, while one academic warned Chen may try to use "undemocratic means" to refuse to transfer power on May 20. Some in China actually hope the DPP's Frank Hsieh wins the presidency, a journalist claimed, because a victory by the KMT's Ma Ying-jeou could bring pressure on the Mainland to democratize. End Summary.

"No Worries" about Referenda Vote

[1](#)2. (C) In advance of the March 22 Taiwan presidential election and vote on referenda concerning Taiwan UN membership, Mainland observers continue to offer opinions on possible outcomes as well as probable PRC reaction (reftels).

The latest commentary from three Embassy contacts this week has been that the election and vote on UN referenda almost certainly will not lead to a cross-Straits crisis. Wang Wen (strictly protect), editor at the People's Daily-affiliated Global Times newspaper, told PolOff March 20 that there is "no way" the Taiwan election result this weekend will create a cross-Straits crisis. He assessed that both of the competing referenda on the ballot are likely to fail. Even if the DPP-sponsored referendum were to pass, China will not respond militarily, Wang averred. Instead, China would react "strongly," but this would likely be limited to rhetoric only. In sum, Wang said, he is "not worried at all" about this weekend's events in Taiwan.

[1](#)3. (C) Chang Shaoyan (strictly protect), Senior Editor at the Legal Daily, conveyed similar views to PolOff on March

19, commenting that he is not worried about the March 22 votes and could "envision no scenario" under which the election or referenda results would lead to a cross-Straits crisis. Chang agreed that even if the DPP referendum, for example, were to pass, it would have no impact on Taiwan's international status or ability to join the UN. Chang said he had no sense that China is gearing up for a cross-Straits crisis, declaring that "everyone in China," including leadership, recognizes that a cross-Straits crisis would be a "disaster" for all concerned. Whatever one says about future cross-Straits prospects, Chang reiterated, the events of this coming weekend will almost certainly not be the cause of any "crisis."

14. (C) Shi Yinhong (strictly protect), an international relations expert at Renmin University, told PolOff on 20 March that there is "no hope" for the DPP referendum. Some observers in Beijing believe the KMT-sponsored referendum has a greater chance of passage, but Shi disagrees because the KMT has been "low-key" about supporting it. A successful KMT referendum would draw a "rhetorical response" from Beijing, but it would not be as sharp as China's reaction were the DPP referendum to pass. In any event, Shi said he expected Beijing's response would be limited to rhetoric, as long as the United States and other countries criticized the passage of the referendum as having "no validity."

Chen Shui-bian Remains Wild Card

15. (C) Observers this past week appeared to be worried more about the potential for President Chen Shui-bian to make "trouble" than they were about the fallout from the election

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and referenda votes. The Legal Daily's Chang Shaoyang expressed concern that one possibility for a cross-Straits "crisis" would be if Chen Shui-bian "radically" interpreted a successful referendum vote as being equal to a formal declaration of independence. Global Times' Wang Wen had similar views, arguing that the only way passage of the DPP's referendum would lead to cross-Straits tension is if President Chen or the newly elected president used the referenda result to push for de jure Taiwan independence. Wang asserted, however, that there is "no one" in Taiwan who would actually do so. If Ma Ying-jeou wins the presidential election, chances are greater that Chen Shui-bian will "stir up trouble" before stepping down in May, Wang assessed. Chang Shaoyang separately agreed, speculating that Chen very well may "manufacture some crisis," but that would most likely be in the March-May timeframe, not this weekend.

16. (C) Renmin University's Shi Yinhong also was worried about Chen Shui-bian causing trouble, but he thought that was more likely to result in internal Taiwan unrest rather than provoking a cross-Straits incident. For example, Shi cited Chen's statement at a March 19 rally in southern Taiwan that he would not turn the presidency over to a "green-card holder" as evidence that Chen is reluctant to allow the KMT to assume power. Such a refusal would lead to widespread unrest on the island, Shi said, arguing that both the KMT and DPP are "political animals" who are going "crazy" in run-up to the election. Furthermore, the DPP are "revolutionaries," not democrats, and will "do anything" to stay in power. The United States should make clear that any extra-legal or undemocratic procedures affecting a smooth transition of power would not be tolerated, along with making "quiet" but specific threats about the consequences of such steps, Shi recommended. Even though serious internal unrest in Taiwan could be a possible justification for PRC intervention, Shi said China is not in a position to do so. The United States, he argued, has the most influence and is in the best position to ensure that the transition of power goes smoothly.

Maybe Frank Hsieh Would Be Better Than Ma?

17. (C) Wang Wen told PolOff that he and many of his journalist colleagues hope that DPP's Frank Hsieh wins the election, arguing this result would bring about a more "stable" cross-Straits situation. At a minimum, Hsieh is "a moderate" who will not pursue Chen Shui-bian's "radical" Taiwan independence agenda. A Ma victory, however, even though this is what the PRC Government wants, could lead to instability and long-term friction with Beijing, Wang argued. For example, Ma has said that he would consider reunification, as long as the Mainland democratizes first. Wang argued such a statement puts the PRC in a "very difficult spot," especially since it is the PRC that has been rooting for a Ma victory all along. Beijing would have a hard time responding effectively to calls for democracy from the new Taiwan leader.

18. (C) Shi Yinhong also thought a President Frank Hsieh would be an improvement over the Chen Shui-bian administration but still expressed a preference for a Ma Ying-jeou victory. If Hsieh wins, he is likely to diminish Chen's influence in the DPP if he is able to claim the presidency, Shi said. Shi thought Ma Ying-jeou would pose some challenges for the Chinese leadership, noting, for example, that Ma used harsh language to criticize Premier Wen Jiabao's recent statements on the Tibet unrest. Nevertheless, Shi, like most Chinese interlocutors, said he strongly hopes Ma will win, believing that if a transition to a Ma presidency were managed well, we could be "very optimistic" about an improvement in cross-Straits relations. President Hu Jintao's offers of dialogue and a "peace agreement" are not just "nice words" to encourage the Taiwan electorate and placate the international community, but are "real possibilities" if Ma wins, Shi asserted.

Indefinite Maintenance of the Status Quo Untenable

19. (C) While Wang Wen said he is "not worried" about a cross-Straits crisis in the short term, he is concerned about long-term developments. Indefinite maintenance of the status quo would mean that Taiwan will continue to inch closer and closer to independence, Wang argued. The Chinese Communist Party has staked its legitimacy on preventing Taiwan independence, Wang said, noting that the CCP will be exposed

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as "powerless" and "incompetent" if it fails in this regard. Thus, after this weekend's vote is over, China will still be faced with this long-term problem. For this reason, Wang said, PRC hardliners on Taiwan policy have a following. Tsinghua Professor Yan Xuetong, who advocates a tough line of

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"solving the Taiwan problem sooner rather than later," including by force if necessary, is "quite influential" and has many supporters, Wang said. Wang said such views are not in the majority, but they should not be ignored and will need to be dealt with in the long run.

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